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Tab "C"

12 February 1959

NOTE:

The attached chart is based on estimated cost figures presented to BOB for FY-1958 and covers total Community costs. The figures have been adjusted to approximate the concepts proposed in the draft format and revised instructions now under consideration.

In making the adjustments, the following specific re-arrangement of the data was made:

a. All NSA cost figures formerly shown under the "Production" heading were shifted to the "Collection and Technical Processing" section of the new format.

b. The following cost data, shown separately on the old format was allocated to items under "Collection and Technical Processing" and "Production and Dissemination:"

- (1) Requirements Coordination
- (2) Screening & Distribution
- (3) Translation
- (4) Reference Facilities
- (5) Printing and Reproduction

c. The above allocations were made on the following basis: First, the total cost of all Collection and Production items was taken as 100 and the items in sub-para. b., above, were divided between them on the basis of their percentage relationship to each

recognized that actual allocations would not be made on such a basis, but it is believed that this method will give some impression as to the appearance of the figures if presented in the new format.

d. It was further assumed, for this estimate, that the following cost items could not be allocated to any of the other sections of the format and therefore would continue to be shown as individual items. It is recognized that some members of the Community believe that all of these auxiliary cost items should be so allocated.

- (1) Training
- (2) Research & Development

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SECRET

Approved For Release 2002/08/13 : CIA-RDP80-01237A000100010035-7

Tab "C"

- (3) Admin., Supervision and Coordination
- (4) Communications
- (5) Security

e. The two separate collection items in the old format for "Overt overseas" and "Overt domestic" have been combined under a single heading of "Other Overt."

f. To give some picture of the way the new format would look if all the items, formerly carried under the headings of Collateral and Support activities, were allocated to the items under the headings of "Collection & Technical Processing" and "Production and Dissemination," an estimated allocation has been made on the basis indicated in sub-para. c. above.

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Approved For Release 2002/08/13 : CIA-RDP80-01237A000100010035-7

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For the purpose of this report "foreign intelligence activities" include all collection, collation, processing, analysis, and dissemination of intelligence on foreign areas relating to the national security* of the US.

*The only intelligence on foreign areas which is excluded from the above definition is that which is not "related to the national security," e.g., information required by the various departments and agencies for the support of assigned responsibilities which do not relate to the national security. Examples include:

- a. Detailed information on foreign specialty-market conditions intended to support the commercial sale of American products overseas.
- b. Information on fugitives from US justice and
- c. Intelligence on smuggling activities in violation of US customs and excise regulations.

On the other hand the above definition does include all intelligence relating to the national security, even though the direct application of this information may be at a fairly low working level in one particular department or agency. All intelligence activities of the so-called "intelligence components" of member agencies of the US Intelligence Board are clearly covered by the above definition -- as well as many activities of other departments and agencies when these are used to contribute to departmental, interdepartmental or national intelligence. Thus, even highly specialized information about local marketing conditions for dried fruit in a particular country may become "intelligence relating to the national security" if international or local economic pressures are developing that might effect the national security interests of the US. As the Department of State has so often emphasized -- information becomes intelligence when (and to the extent that) it is "used" for an intelligence purpose. Much of it serves several purposes, and its cost would need to be prorated among such uses for budget-analysis purposes.

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